

Function 450: Community and Regional Development

Federal community and regional development programs provide financial and technical assistance to improve economic conditions among low- and moderate-income communities and aid areas impacted by disasters. Major agencies and programs in this function include the Community Development Block Grant program, the Economic Development Administration, the Appalachian Regional Commission, rural development programs in the Department of Agriculture, the Bureau of Indian Affairs, Empowerment Zones and Enterprise Communities, the Disaster Relief program, and the Emergency Preparedness and Response program.

The President's budget provides \$11.7 billion in discretionary appropriations for the Community and Regional Development function for 2007, a \$1.5 billion (11.1 percent) cut below the non-emergency 2006 enacted level. Following is an overview of the President's treatment of several programs in this function.

Community Development Block Grant (CDBG) Program Cut — The CDBG program enables states and localities to target federal formula grants and other financial assistance toward improving housing and economic conditions in low- and moderate-income neighborhoods. Last year, the CDBG program proved crucial in helping to provide emergency assistance to communities devastated by natural disasters, including hurricane Katrina. The budget cuts CDBG formula grants and either cuts or eliminates CDBG set-aside programs.

The budget provides \$3.0 billion for CDBG formula grants, a \$736 million cut below the 2006 non-emergency level. The budget cuts the Indian Tribe assistance set-aside program by \$75 million (54.7 percent) below last year's level, and cuts the Youthbuild program by \$14 million (21.9 percent) below last year's level while moving the program from HUD to the Department of Labor. The budget eliminates Economic Development Initiative grants.

Economic Development Assistance (EDA) Programs — EDA programs direct public works grants, technical assistance grants, and economic adjustment grants to low-income regions. The budget provides \$297 million for EDA, a \$47 million (18.8 percent) increase over the 2006 level. The budget merges the Administration's Regional Development Account initiative into EDA while eliminating EDA grants programs. The Regional Development Account initiative is designed to create new technologies and opportunities to expand regional capacity.

Rural Housing and Economic Development Program Eliminated — The Rural Housing and Economic Development program provides funds to improve housing and economic development among rural communities. The budget eliminates the Rural Housing and Economic Development program, which is currently funded at \$17 million.

Community Development Financial Institutions (CDFI) Program Cut — The CDFI enables specialized financial institutions to provide an array of funds and services to promote economic

development among low-income and/or native communities. The President's budget provides \$8 million for the CDFI program, a \$46 million (85.2 percent) cut below last year's level.

Rural Community Advancement (RCA) Program Cut — The RCA program provides grants, loans, and loan guarantees to stimulate economic growth and build facilities in rural communities. The budget provides \$601 million for the RCA, a \$117 million (16.3 percent) cut below the 2006 enacted level.

First Responders — The budget includes a total of \$1.7 billion within the Department of Homeland Security for first responder funding, which is \$573 million (24.9 percent) less than the amount enacted for 2006. Within this total, the budget decreases firefighter assistance grants by \$355 million and eliminates all funding for law enforcement terrorism prevention, a reduction of \$385 million. These decreases are partially offset by an \$87 million increase for formula-based grants and an \$80 million increase for specific high-threat urban areas. For the Department of Justice, the budget again proposes elimination of the Justice Assistance grant program – a reduction of \$388 million – and cuts \$412 million from the Community Oriented Policing Services (COPS) program compared with the 2006 program level. The cut to COPS includes a \$371 million reduction in new appropriations for the program and a proposed increase in unobligated fund rescissions totaling \$41 million. See *Function 750* for a detailed discussion.

High Energy Costs Grants Eliminated — The High Energy Costs Grants program provides funds to improve energy facilities among communities that have residential energy costs equal to at least 275 percent of the national average. The budget eliminates the high energy costs grants program, which is funded at \$26 million for 2006.

Disaster Relief Program Increased — The disaster relief program administers federal assistance to areas devastated by disasters. The budget provides \$1.9 billion for the program, a \$171million increase over the 2006 enacted level.